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DRAFT REPORT ON THE ANNUAL SESSION
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V. UNFPA/UNDP: HARMONIZATION OF PRESENTATION OF BUDGETS AND ACCOUNTS

1. The Assistant Administrator and Director of the Bureau for Finance and Administration of UNDP introduced the item on behalf of UNFPA and UNDP. He informed the Board that there was progress with regard to harmonization of financial statements under the auspices of the Consultative Committee on Administrative Questions (Finance and Budget) (CCAQ (FB)), with a third and last working group meeting scheduled for late June 1995. Consultations among UNDP, UNFPA and UNICEF on the harmonization of budgets were under way, with a preliminary review on the identification of differences among existing budget presentations already completed. He explained that the outcome of the proposals in response to the management study of UNICEF submitted to the UNICEF Executive Board at its third regular session of 1995, in particular with reference to the recommendations to integrate programme and administrative budgets for UNICEF country offices, would affect the joint UNDP/UNFPA/UNICEF exercise, including the time frame. The Assistant Administrator stated that regular progress reports on harmonization of budgets would be made available to the Board and suggested that a further review take place at the first regular session 1996.

2. One delegation noted the good progress made in the development of common accounting standards for the organizations of the United Nations system and suggested measures, later supported by another delegation, for enhanced harmonization of budgets and accounts: (a) similar terminology in distinguishing among core, programme support and extrabudgetary costs; (b) similar definitions in determining overhead costs; (c) easy-to-find information on the number of all posts; (d) common treatment of income from all sources; (e) presentation of biennial budget expenditures on an object of expenditure basis; (f) similar sequence in all three budget documents, with information in a tabular form; and (g) development of a prototype budget document for use by all three agencies.

3. One delegation, supported by others, expressed deep concern about the lack of substance in the report, underlining the need to know what had

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happened at the meetings cited, particularly in light of the reporting requirement specified by the General Assembly in resolution 49/216 (e). That delegation, whose State Auditors had visited the three organizations, also stated that it would be helpful to know the direction that would be taken following the joint review, questioned the need for an outside consultant given in-house expertise, and noted that the report had not been transmitted to the Executive Board and to the Economic and Social Council through the Advisory Committee on Administrative and Budgetary Questions (ACABQ) as requested by the General Assembly in its resolution. The importance of harmonized budgets to both donor and recipient countries was emphasized, with concern expressed that varying administrative budgets made it difficult to determine where funds were being utilized. One delegation said the absence of a more comprehensive report was particularly regrettable in light of the upcoming trienniel policy review and requested that intersessional briefings be held on harmonization matters.

4. The Assistant Administrator responded that efforts had been made to keep the document brief and succinct. In response to a question, he explained that it would make good sense to take into account the outcome of the discussion on the UNICEF management review by the UNICEF Executive Board, as issues raised in the review would also impact on the potential to harmonize budget presentations. UNICEF was developing proposals in response to a specific request by its Board for review in September.

5. The Assistant Administrator referred to a past statement made by the Chairman of ACABQ to the General Assembly, in which he recognized that the specific budget presentations depended on the structure, size, procedures of legislative bodies, and nature of its programme. He also indicated that, while similarities existed among the United Nations, UNDP and UNFPA, there were many dissimilarities, in particular with UNICEF, which rendered the harmonization exercise even more difficult.

6. Concurrently, the Assistant Administrator requested some understanding for the fact that UNDP has been heavily involved in a major downsizing effort, which would be elaborated at the third regular session of the Executive Board during the review of the biennial budget proposals for 1996-1997.

7. The Assistant Administrator also emphasized that the prime objective in preparing a budget should be to set forth the budgets in a manner which was clear and transparent to the governing body concerned. In that regard, he pointed out that UNDP had made considerable effort to improve the presentation and transparency of its budgets. This had been acknowledged by the Executive Board in past sessions.

8. Under the circumstances, the Assistant Administrator indicated that it was not realistic for UNDP and UNFPA to report to the Economic and Social Council at its forthcoming meeting on additional progress on the status of the harmonization exercise with regard to budget presentations.